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'A discussion of the proportion of time or assets which should be devoted towards production and that devoted to administration or support.'

1. As a matter of administrative policy, it has been determined that the operations of the Agency would be divided into three segments. The largest of these segments is involved in clandestine activities including overseas operations. The second grouping involves the intelligence functions exclusive of the clandestine collection of intelligence. The third grouping involves all forms of support. This organizational grouping is designed to encourage those charged with the responsibility for the various operating programs to apply the maximum effort possible, within the limits of security consideration, directly toward achieving the objectives of the clandestine and intelligence activities. The support activities of the Agency includes all operations which are not directly a part of the clandestine or intelligence operations. A great deal of this support is characteristic of this Agency and is caused by the clandestine and covert nature of operations. This is particularly true of communications, training, security, and medical activities.
2. Communications activities which take a substantial portion of these support costs (7.2% of total Agency costs in 1954) is primarily required in order to provide rapid and secure transmission of operational data.
3. Training is another area which, although common with all Government agencies, is unique in character and emphasis in this Agency. Formal education is not offered any place to train individuals as clandestine operators or as intelligence officers. The field of intelligence and clandestine operations in this Country is relatively new, and individuals do not select this as a field for which they prepare themselves. Training activities are, therefore, relatively large in this Agency (1.9% of total Agency costs in 1954), when compared to other Government agencies. It should be noted, however, that approximately 50% of the costs of the Agency's training effort is directed specifically to training in clandestine operations. Other training activities are designed to provide special skills characteristic primarily of this Agency and are of such a character that they are not normally available in educational institutions.
4. Security is another field which costs substantial amounts (2.2% of total Agency costs in 1954). Obviously other agencies are concerned with security but do not have the difficult problem of physical security over a large number of temporary buildings. In addition, the steps which must be taken to avoid penetration of the Agency is of the utmost importance and is relatively expensive.
5. The security aspects of Agency operations primarily concerned with overseas and clandestine activities require special support activity in our Medical Office. Although the amounts are relatively small in this Office, nevertheless, a substantial portion of those costs are directly attributable to the clandestine character of our operations.

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6. Other support activities are generally common to Government agencies as a whole. This includes the work of the following offices:

Personnel  
General Counsel  
Comptroller  
Audit  
Logistics  
Management Staff

Each one of these, however, is seriously affected by the character of the Agency's operations. For example: In the Office of the Comptroller it is necessary to separate accounting for vouchered and unvouchered activities:

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7. The overall costs of general support amounted to approximately 19.9% of the Agency costs for fiscal year 1954. It is the policy of the Agency, within the limits of security considerations, to carry these support activities at a minimum cost. Efforts are being made continuously to reduce the support cost whenever practical. As a matter of general policy, the maximum amount possible is directed to operations, and a minimum amount is set aside for support costs. Based upon present judgement, it is believed that a fair distribution between support and operations has been achieved. We are continuing, however, to strengthen certain activities. Earlier experience indicated rather clearly that inadequate training was given to operators in clandestine areas. Failure of operations was the result which dictated a strengthening of training activities. Such a strengthening of training activities has been taking place during the past three years.

8. The element of costs between operations and support rather than manpower between these functions provides a more accurate and realistic indication

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